

REMARKS/ARGUMENTS

In response to the Office Action mailed December 11, 2007, Applicant amends his application and requests continued examination. No claims are cancelled and claim 54 is added in this Amendment so that claims 4, 6, 8, 10, 11, 45, 49-51, and 54 are now pending.

Support for Former Claim 49

In the Office Action mailed December 11, 2007, quite remarkably, the Examiner asserted that amended claim 49 was not supported by the disclosure of the patent application. The amendment made that produced that claim 49 was a combination of claims 9 and 49 and, therefore, it is understood that it is asserted that the part added to claim 49 describing detection of an anomaly when the portable safe “is attached neither to said game-related device nor to said currency control device for too long a time” did not appear in the application as filed either verbatim or in sufficiently similar form.

The Examiner’s attention is directed to original claim 9 of the patent application, a claim that was filed with this patent application some six years ago on February 19, 2002. That claim 9, in essence and after a clarifying amendment, very clearly describes the phrase added to claim 49 and cited as lacking support in the application as filed. Moreover, the clarified form of claim 9 has been pending in this patent application since the original filing and through five Office Actions without prior objection.

It is well established in U.S. patent law that disclosure in any part of a patent application, including the drawings and the claims, can be the basis of sufficient support for a claim. On that basis, claim 9 supported the amended form of claim 49 so that the rejection pursuant to 35 USC 112, first paragraph, is not reasonable.

Of course, even original claim 9 was supported in the specification of the patent application as filed. The Examiner’s attention is directed to the paragraph at

page 28 of the specification beginning in line 20 and particularly lines 23-28. An even more apparent supporting description appears on page 29 of the patent application in lines 11-19. The rejection pursuant to 35 USC 112, first paragraph, is plainly erroneous and must be withdrawn.

This Amendment

Claim 49 is amended once more and claim 54 is added in this Amendment to describe in greater detail the anomaly detection device. That description is fully supported by the patent application as filed and, particularly, the description cited above at pages 28 and 29 of the patent application. At those locations, the anomaly detection device is described as measuring the time from disconnection of the portable safe from the game-related device. That time period continues until re-connection of the portable safe to the currency control device. Further, the anomaly detection device is described as measuring the time from disconnection of the portable safe from the currency control device. That time continues until re-connection of the portable safe to the game-related device. These times respectively correspond, as repeatedly explained, to transportation of the portable safe to a counting room, where the currency control device is located, from a casino hall where the game-related device is located, and to transportation of the portable safe in the opposite direction.

As explained in the patent application and made clearer in amended claim 49 and new claim 54, the portable safe, according to the invention, transports currency in both directions. The currency is collected from the use of the game-related device, which may be a dispenser of cards used in gaming machines or a gaming machine itself. The portable safe collects money that is input and also dispenses money as prizes, for example, at the game-related device. When the portable safe is connected to the currency control device, currency collected in the portable safe may be retrieved and the currency within the portable safe may be replenished for dispensing prize money at the game-related device. As described in the patent application at page 29, whenever transportation of a portable safe between the fixed locations, in either

direction, takes too long, an anomaly is declared and a signal is given so that the apparent anomaly can be investigated.

Prior Art Rejections

The prior art rejections have not fundamentally changed. Most of the pending claims are rejected as unpatentable over Cassidy et al. (U.S. Patent 5,615,625, hereinafter Cassidy) in view of Dobbins (Published U.S. Patent Application 2002/0063034) and further in view of Blad et al. (Published U.S. Patent Application 2002/0063035, hereinafter Blad). Other claims, namely claims 8 and 45, are respectively rejected based upon the same publications and still further publications. The rejections are all respectfully traversed. It is apparent that if the rejection of claim 49, the sole pending independent claim is erroneous, then the rejections of the other claims must also be withdrawn. For that reason, the following commentary focuses on claim 49.

Reply to Prior Art Rejections

As an initial point, Applicant repeats and incorporates by reference the arguments presented in the amendment filed October 2, 2007 against the rejections since the rejections have not changed.

Second, Applicant replies to the Response appearing at pages 6-8 of the Office Action mailed December 11, 2007.

The Examiner's interpretation of the former language of claim 49 as potentially encompassing some part of the Cassidy disclosure has been given careful consideration. That assertion cannot be maintained in view of the claim 49 that is presented here. The Examiner has given an extraordinarily broad and inappropriate interpretation to both Cassidy and Blad. Of course, to reach a conclusion of obviousness, patent claim interpretation rules as established by law, namely judicial opinions, must be applied rather than reliance upon the extralegal adumbrations of the anonymous authors of the Manual of Patent Examining Procedure (MPEP). When

both of Cassidy and Blad are interpreted solely based upon their contents, and not hoped-for extensions of what they might disclose, then it is apparent that the rejection of claim 49, particularly with respect to the claim presented here, is incorrect.

Cassidy is directed to a system in which valuable articles, such as cash, are collected at a deposit station that is typically located at the premises of a business. Through the use of a docking station at the deposit station, the valuable articles are collected into an “intelligent” container 20. In order for the valuables to reach a bank for deposit, the container 20 is transported to a depot station, which is typically located at a bank or other financial institution. The deposit station and the depot station are interconnected through a computer network. In the use of the system described by Cassidy, an empty container 20 is transported to a deposit station and mounted on a docking station that processes valuable articles, such as banknotes and checks. The valuable articles are transported through the use of rollers and other conventional conveying apparatus into respective slots or doors of the container 20. Thereafter, when the valuables have been collected within the container, the container 20 is detached from the docking station and transported to the depot station.

As previously pointed out and acknowledged by the Examiner, a particularly pertinent part of Cassidy, with reference to the current invention, appears in column 5, lines 14-27 of Cassidy. The first two sentences of that paragraph expressly deal with the theft of one of Cassidy’s containers. There is no timing function associated with what is described in those two sentences. Instead, what is described is the gradual decline in the voltage of an on-board battery of the container. When the container is simply neglected for too long and the battery is not recharged, the voltage declines and reaches a threshold which causes actuation of a dye pack that spews a dye over the contents of the container to indicate their theft. Clearly, the time required for the battery to discharge sufficiently to reach the threshold is not an objectively measured elapsed time. That battery discharge time depends upon the initial charge state of the battery and environmental factors since, for example, batteries discharge at different rates depending on ambient temperature. This battery discharge detection feature of

Cassidy's container is unrelated to the invention as defined in claim 49. The claimed currency control system depends upon measuring, objectively, the time elapsed between a disconnection of the portable safe from the currency control device until connection to a game-related device. Claim 54 describes a similar feature but with a time measured from disconnection of the portable safe from the game-related device and continuing until connection of the safe to the currency control device.

The next part of the cited passage in Cassidy describes the monitoring of "the time which has elapsed since the container was dispatched from the deposit station [where valuables are collected], and will detonate the dye pack when the elapsed time exceeds a predetermined limit." As previously described, the deposit station in Cassidy corresponds to the game-related device, not the bank. Claim 49 makes clear that the measured time period triggering an alarm is based upon transportation in the opposite direction from the description of Cassidy that is quoted here. As previously explained, Cassidy never provides a "time-out" function with respect to the transportation of an empty container from the depot station to the deposit station. Claim 54 describes a "time-out" feature in a direction of transportation similar to Cassidy. Thus, claim 54 describes vigilance regardless of the direction of transportation, a feature not even suggested by Cassidy.

The remainder of the cited paragraph of Cassidy only describes the remote, radio-control, detonation of a dye pack within a container that may be the subject of a hijacking. That feature of Cassidy is unrelated to the invention as defined by claim 49.

Cassidy describes various other techniques for monitoring the positions of containers, but none is related to the invention as defined by the claim 49 that is presented here.

At page 7 of the Office Action, after reviewing the passage of Cassidy described in the preceding paragraphs here, Blad is discussed. The Examiner asserted that it would have been obvious to have modified Cassidy, based upon Blad, for timing the transportation of a currency collection container in both of two directions.

This assertion is plainly incorrect when attention is given to the express description of Blad.

Blad is concerned solely with a passive container that is placed in a machine for collecting currency input to the machine. The container is taken to a counting room periodically for emptying and is returned empty and re-inserted into the machine where currency is collected.

“[0011] “The currency container of the invention is adapted to receive, not dispense, currency or other paper documents.

[0013] In contradistinction, the currency container tracking system of the present [invention] utilizes a currency container adapted to receive currency or other paper documents (e.g., bills, coupons, paper tokens, etc.), not a cassette preloaded with paper documents to be dispensed. The instant invention also features a system for tracking currency containers from their initialization (i.e., clearing of all temporary data contained in their memory chips) until they are finally emptied, typically in a secure counting room, and their contents enumerated and/or verified.”

Similar disclosure appears elsewhere within Blad and the only specific citations to Blad in the prior prosecution have nothing to do with the invention claimed in claims 49, 54, and the other pending claims. The point of the foregoing discussion is that contrary to the assertion of the Office Action, Blad, like Cassidy, describes the transportation of containers filled with valuables in only one direction and solely the transportation of the empty containers in the opposite direction. Thus, contrary to the assertion of the Office Action, Blad provides no motivation to modify Cassidy so that Cassidy would provide the same kind of monitoring of the transportation of an empty container that is provided for a filled container.

At page 7 of the Office Action, the Examiner likewise asserted that “functional language and conditional language can not be used to define over the prior art for patentability according to MPEP 2114.” The Examiner is correct that the cited MPEP

section states that a claim directed to apparatus cannot be distinguished from the prior art based upon the function of the apparatus. The Examiner and several examining groups within the U.S. Patent and Trademark Office, as well as the unknown author of that section of the MPEP, have misinterpreted the holding of the cited opinions and are legally incorrect. The basis of the alleged inability to distinguish from the prior art based upon functional language is founded upon a misinterpretation of *Ex parte Masham*, 2 USPQ2d 1647 (Bd. Pat. App. & Inter. 1987). The claim rejected in that appeal sought to distinguish a photographic developer apparatus from the prior art based upon the quantity of liquid developer within the apparatus. United States law has never permitted distinguishing an apparatus from the prior art based upon the materials employed in operating the apparatus and *Masham* is completely consistent with that view. However, functional limitations that describe what an apparatus does have long been recognized as a basis for distinguishing from the prior art. To the extent the views of the confused MPEP author have been subjected to judicial scrutiny, the author's view has been rejected. Attached are copies of two recent opinions on point, *Yodlee Inc. v. CashEdge Inc.*, 84 USPQ2d 1594 (N.D. Cal. 2006) and *Collaboration Properties Inc. v. Tandberg ASA*, 84 USPQ2d 1530 (N.D. Cal. 2006). In these cases the parties attacking the validity of patented claims carried the view of the MPEP 2114 one step further, asserting that the function constituted a method limitation. However, both courts refused to adopt that view.

In any event, in view of the amended form of claim 49 presented here, the Examiner's position as to the second paragraph at page 7 of the Office Action is no longer tenable. There are clear limitations in claim 49 concerning the direction of transportation that is the initial subject of the anomaly detection for which an anomaly signal is issued. The balance of the argument in that paragraph at page 7 of the Office Action is speculation, an extrapolation of Cassidy, and is not based upon Cassidy's disclosure.

The final paragraph of the Examiner's response, appearing at page 8 of the Office Action, reads into Cassidy disclosure that is not present in Cassidy. There are

no citations of paragraphs, columns, lines, or the like indicating the parts of Cassidy that the Examiner relied upon to conclude that the timing feature referred to in claim 49, as presented here, is found in Cassidy. It is alleged that “if the empty container” of Cassidy “is considered valuable, it would have been obvious to one of ordinary skill in the art to have monitored the time between connection of the container to any station regardless of whether or not the container contains items of value.” This argument relies upon speculation and conditional language, namely “if the container is considered valuable” rather than description in Cassidy. The pertinent description in Cassidy already has been discussed. The only provision in Cassidy for “timing out” of an empty container is detection of a decline in the battery voltage. Sensing a battery voltage is not an objective measurement of any elapsing time. Thus, Cassidy cannot suggest amended claim 49 or new claim 54.

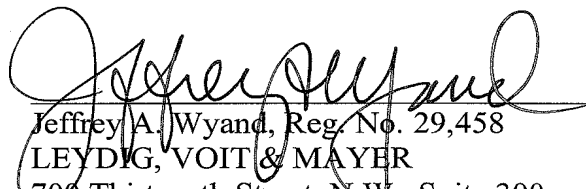
Moreover, since Cassidy and Blad do not supply the information the Examiner has relied upon, the only basis of the rejection must be speculation. From that speculation, yet a further extrapolation has been made as to what might have been obvious, without any factual support for that conclusion. This kind of rejection is improper because establishment of obviousness requires an objective teaching in the prior art, not a hindsight reading of the claimed invention into the prior art. *In re Fine*, 5 USPQ2d 1596 (Fed. Cir. 1988). Therefore, upon reconsideration, the rejections should be withdrawn.

Conclusion

Reconsideration and withdrawal of the rejections of all claims as now presented are earnestly solicited. There is no longer a basis for assertion that claim 49 is unsupported by the application as filed or that so-called functional language fails to distinguish the invention from the prior art. The principal references, Cassidy and Blad, do not support the interpretation made of them in constructing the rejection.

Therefore, claim 49, the sole pending independent claim, is patentable over the prior art applied, so that the rejections as to all pending claims should be withdrawn.

Respectfully submitted,


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Date: February 11, 2008
JAW:ves

The court recognizes that this decision reaches a somewhat anomalous (and, from Visto's perspective, perhaps an undesirable) result. RIML and RIMC filed two suits in this forum that will now be dismissed and likely refiled in the Eastern District of Texas. Visto, who has been haled into this forum, will now have declaratory judgment counterclaims pending here concerning the '694 patent and the '457 patent. These counterclaims may, of course, be subject to dismissal. In the court's July 11, 2006 order, it declined to hear RIML and RIMC's declaratory judgment actions for patent invalidity and noninfringement because they were also pending as compulsory counterclaims in an earlier-filed suit in the Eastern District. If RIML and RIMC refile these claims in the Eastern District, Visto will probably assert the same or similar counterclaims there. But if this court does not dismiss the counterclaims, Visto will likely be realigned as the plaintiff in litigation it did not initiate and in a forum it did not select. If some or all these odd consequences occur, they are the result of the fact that Visto will not suffer plain legal prejudice from the dismissal of RIML and RIMC's claims and of Visto's objection to dismissal of its counterclaims. While Visto may now wish to seek dismissal so that its counterclaims can be litigated in the Eastern District, the court will not compel it to do so where, as here, it was within its rights under Rule 41(a)(2) to object to RIML and RIMC's motion.

Accordingly, the court grants RIML and RIMC's Rule 41(a)(2) motion to the extent it dismisses without prejudice their remaining claims. Visto's declaratory judgment counterclaims remain pending in this court.⁴

For the reasons set out, Visto's July 10, 2006 motion to dismiss for lack of subject matter jurisdiction is denied, plaintiffs' July 26, 2006 motion to transfer this case to the Eastern District of Texas under 28 U.S.C. § 1404(a) is denied, and their alternative motion to dismiss these cases without prejudice under Rule 41(a)(2) is granted as to their claims and denied as to Visto's counterclaims.

SO ORDERED.

⁴ Visto requests in the alternative that, if the court dismisses plaintiffs' claims, it condition dismissal on the requirement that they refile in this district. The court denies this request under the circumstances of this case.

Yodlee Inc. v. CashEdge Inc.

U.S. District Court
Northern District of California

No. C 05-01550 SI

Decided November 29, 2006

PATENTS

[1] Patentability/Validity — Specification — Claim adequacy (§ 115.1109)

Patent construction — Claims — Functional (§ 125.1311)

Asserted claims directed to systems and methods for delivering personal information gathered from multiple Internet sources to one central Web site are not invalid "mixed method-apparatus claims," since claims use active language to describe capability of certain apparatuses, such as "computer readable storage device," "Internet Portal," and "Internet Portal application," without claiming activity itself, since claims, by describing what apparatuses do when used in certain way, place functional limitations on apparatuses, but they do not claim use of apparatuses, and thus do not recite both apparatus and method for its use, and since claims do not fail to apprise those skilled in art of what will constitute infringement, in that claims do not cover actions by users of described apparatuses, or reactions of apparatuses to user input, and infringement therefore occurs only through manufacture and sale of systems that have described functionality and capacity.

Particular patents — Electrical — Personal information access

6,405,245, Burson, Ulberg, and Freishtat, system and method for automated access to personal information, summary judgment of invalidity denied.

6,412,073, Rangan, method and apparatus for providing and maintaining a user-interactive portal system accessible via internet or other switched-packet-network, summary judgment of invalidity denied.

6,510,451, Wu, Inala, Satyavolu, Rangan, Rajan, Daswani, Rangarajan, Kern, and Kumar, system for completing a multi-component task initiated by a client involving Web sites without requiring interaction from the client, summary judgment of invalidity denied.

6,594,766, Rangan and Inala, method and apparatus for providing and maintaining a

user-interactive internet or summary judgment.

Action by Inc. for patent defendant counterclaim of noninfringement's motion denied. Denied.

David M. Redwood Cit

Daniel M. New York, N

Illston, J.

Defendant judgment based on December Rule 7-1(b), is appropriate, and Visto's set forth motion. (Do

Plaintiff's defendant's claim of six brought its judgment of adding three suit. The nine States Patent"), 6,510,451 ("the '042 patent"), 6,317,783 ("the '850 patent"). Both all deal with personal information internet source, for example, the end user to types of accounts individually each individual financial account.

With the motion, defendant's motion of the

v. CashEdge Inc.

U.S. District Court
Southern District of California

No. C 05-01550 SI

Filed November 29, 2006

**Patentability/Validity — Specification
adequacy (§ 115.1109)**

**Patentability/Validity — Claims — Func-
tionality (§ 112.111)**

claims directed to systems and
providing personal information
from multiple Internet sources to one
central web site are not invalid "mixed
type" claims, since claims use
language to describe capability of cer-
tain apparatuses, such as "computer readable
medium," "Internet Portal," and "Inter-
action," without claiming ac-
tual claims, by describing what
the apparatuses do when used in certain way,
limitations on apparatuses,
claim use of apparatuses, and
both apparatus and method
claims do not fail to ap-
pear in art of what will consti-
tute the claims, or of described apparatuses, or
of apparatuses to user input, and in-
teraction occurs only through
use of systems that have de-
fined structure and capacity.

**Patentability/Validity — Electrical — Per-
sonal information access**

claims, Ulberg, and Freishtat,
for automated access to
personal information, summary judgment of

claims, method and apparatus
for maintaining a user-
system accessible via inter-
netted-packet-network, sum-
mary judgment of invalidity denied.

claims, Inala, Satyavolu, Rangan,
Kern, and Ku-
mar, completing a multi-
step transaction involving
interaction from
summary judgment of invalidity de-

claims, Inala, method and
apparatus for maintaining a

user-interactive portal system accessible via
internet or other switched-packet-network,
summary judgment of invalidity denied.

'766 patents, as indefinite pursuant to 35
U.S.C. § 112 ¶ 2.

LEGAL STANDARD

1. Summary Judgment

"Summary judgment is appropriate in a
patent case, as in other cases, when there is no
genuine issue as to any material fact and the
moving party is entitled to judgment as a mat-
ter of law." *Nike Inc. v. Wolverine World
Wide, Inc.*, 43 F.3d 644, 646 [33 USPQ2d
1038] (Fed. Cir. 1994); Fed. R. Civ. P. 56(c).
The moving party bears the initial burden of
"informing the district court of the basis for
its motion" and identifying the matter that "it
believes demonstrate[s] the absence of a genu-
ine issue of material fact." *Celotex Corp. v.
Catrett*, 477 U.S. 317, 323, 106 S. Ct. 2548,
2553 (1986). If the moving party meets this
burden, the nonmoving party must then set
forth "specific facts showing that there is a
genuine issue for trial." Fed. R. Civ. P. 56(e);
*see also T.W. Elec. Serv., Inc. v. Pacific Elec.
Contractors Ass'n*, 809 F.2d 626, 630 (9th Cir.
1987).

"Rule 56(c) requires the moving party to
show not only the absence of a disputed issue
of fact but also that he is entitled to judgment
as a matter of law . . . [T]herefore, the court
must . . . consider the burden of proof on the
issue and where it will rest at trial . . . Where
the moving party has the burden—the plaintiff
on a claim for relief or the defendant on an af-
firmative defense—his showing must be suffi-
cient for the court to hold that no reasonable
trier of fact could find other than for the mov-
ing party." *Calderone v. United States*, 799
F.2d 254, 259 (6th Cir. 1986) (quotations
omitted).

The evidence presented by the parties in
support of or opposition to a motion for sum-
mary judgment must be admissible. *See* Fed.
R. Civ. P. 56(e). In evaluating this evidence,
the Court does not make credibility determi-
nations or weigh conflicting evidence, and
draws all inferences in the light most favor-
able to the nonmoving party. *T.W. Elec. Serv.*,
809 F.2d at 630-31 (citing *Matsushita Elec.
Indus. Co. v. Zenith Radio Corp.*, 475 U.S.
574 (1986)); *Ting v. United States*, 927 F.2d
1504, 1509 (9th Cir. 1991).

2. Invalidity and Indefiniteness

A party seeking to invalidate a patent must
overcome a presumption that the patent is
valid. *See* 35 U.S.C. § 282; *United States
Gypsum Co. v. National Gypsum Co.*, 74 F.3d

Action by Yodlee Inc. against CashEdge
Inc. for patent infringement, in which defend-
ant counterclaimed for declaratory judgment
of noninfringement and invalidity. On defend-
ant's motion for summary judgment of inval-
idity. Denied.

David M. Barkan, of Fish & Richardson,
Redwood City, Calif., for plaintiff.

Daniel M. Goldfisher, of Clifford Chance,
New York, N.Y., for defendant.

Illston, J.

Defendant CashEdge's motion for summary
judgment based on invalidity is set for hearing
on December 1, 2006. Pursuant to Civil Local
Rule 7-1(b), the Court determines the matter
is appropriate for resolution without oral argu-
ment, and VACATES the hearing. For the rea-
sons set forth below, the Court DENIES the
motion. (Docket # 77)

BACKGROUND

Plaintiff Yodlee, Inc., brought suit against
defendant CashEdge, Inc., alleging infringem-
ent of six patents; CashEdge subsequently
brought its own complaint for declaratory
judgment of non-infringement and invalidity,
adding three additional Yodlee patents to the
suit. The nine patents now at issue are: United
States Patent Nos. 6,199,077 ("the '077
patent"), 6,633,910 ("the '910 patent"),
6,510,451 ("the '451 patent"), 6,802,042
("the '042 patent"), 6,412,073 ("the '073
patent"), 6,594,766 ("the '766 patent"),
6,317,783 ("the '783 patent"), 6,567,850
("the '850 patent"), and 6,405,245 ("the '245
patent"). Broadly speaking, the nine patents
all deal with systems and methods to deliver
personal information culled from multiple In-
ternet sources to one central web site. For ex-
ample, the technologies at issue allow for an
end user to monitor information from several
types of accounts held with different financial
institutions on one website, without having to
individually log into and navigate through
each individual website associated with each
financial institution with which the user has an
account.

With the instant motion for summary judg-
ment, defendant CashEdge seeks to invalidate
many of the claims of the '245, '073, '451 and

1209, 1212 [37 USPQ2d 1388] (Fed. Cir. 1996); *Hibritech Inc. v. Monoclonal Antibodies, Inc.*, 802 F.2d 1367, 1375 (Fed. Cir. 1986). This presumption places the burden on the challenging party to prove the patent's invalidity by clear and convincing evidence. *United States Gypsum Co.*, 74 F.3d at 1212.

35 U.S.C. § 112 requires that claims be particular and distinct. "The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention." 35 U.S.C. § 112 ¶ 2. The primary purpose of the requirement of definiteness is to provide warning to those skilled in the art of what will constitute infringement. See *United Carbon Co. v. Binney Co.*, 317 U.S. 228, 236 [55 USPQ 381] (1942). The definiteness standard is one of reasonableness under the circumstances, requiring that, in light of the teachings of the prior art and the invention at issue, the claims apprise those skilled in the art of the utilization and scope of the invention with a reasonable degree of precision and particularity. See *Shatterproof Glass Corp. v. Libbey-Owens Corp.*, 758 F.2d 613, 624 [225 USPQ 634] (Fed. Cir. 1985). "A determination of indefiniteness is a legal conclusion that is drawn from the court's performance of its duty as the construer of patent claims[, and] therefore, like claim construction, is a question of law." *Atmel Corp. v. Info. Storage Devices, Inc.*, 198 F.3d 1374, 1378 [53 USPQ2d 1225] (Fed. Cir. 1999).

DISCUSSION

Defendant CashEdge argues that a majority of the patent claims at issue are invalid, as a matter of law, because they are indefinite. According to defendant, they are "mixed method-apparatus" claims, which the Federal Circuit found to be indefinite in *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, 430 F.3d 1377 [77 USPQ2d 1140] (Fed. Cir. 2005).

In *IPXL*, the Federal Circuit agreed with the Board of Patent Appeals and Interferences of the PTO, "that reciting both an apparatus and a method of using that apparatus renders a claim indefinite under section 112, paragraph 2." *Id.* at 1384. The court cited and followed a decision by the Board of Patent Appeals and Interferences, *Ex parte Lyell*, 17 U.S.P.Q.2d 1548 (BPAI 1990), which had invalidated as indefinite a claim whose preamble described the claim as "an automatic transmission tool

... and method for using same."¹ The Federal Circuit's *IPXL* case concurred with the analysis, explaining: "[A]s a result of the combination of two separate statutory classes of invention, a manufacturer or seller of the claimed apparatus would not know from the claim whether it might also be liable for contributory infringement because a buyer or user of the apparatus later performs the claimed method of using the apparatus." *Id.*

Based on this rule, the Federal Circuit affirmed the district court's invalidation of one of the claims at issue, claim 25, which stated:

The system of claim 2 [including an input means] wherein the predicted transaction information comprises both a transaction type and transaction parameters associated with that transaction type, and the user uses the input means to either change the predicted transaction information or accept the displayed transaction type and transaction parameters.

Id. (quoting patent) (emphasis added). The circuit court stated:

Thus, it is unclear whether infringement of claim 25 occurs when one creates a system that allows the user to change the predicted transaction information or accept the displayed transaction, or whether infringement occurs when the user actually uses the input means to change transaction information or uses the input means to accept a displayed transaction. Because claim 25 recites both a system and the method for us-

¹ The claim invalidated in *Ex parte Lyell* read as follows:

2. An automatic transmission tool in the form of a workstand and method for using same comprising:

a support means,
and [sic] internally splined sleeve affixed upright to said support means,

a threaded adjustment bolt threadably engaged through a hole in the bottom of said support means and projecting upward through said support frame into said sleeve,

and further comprising the steps of

1. positioning the output end of an automatic transmission onto said upright sleeve,

2. removing the internal components of said automatic transmission from the casing of said transmission,

3. repairing and replacing said internal components back into said casing, and

4. adjusting said internal components for fit and interference by means of adjusting said upwardly projecting adjustment bolt.

¹⁷ U.S.P.Q.2d at 1549 (emphasis added).

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or using same.”¹ The Federal se concurred with the analy- [A]s a result of the combina- te statutory classes of inven- rier or seller of the claimed not know from the claim also be liable for contribu- because a buyer or user of iter performs the claimed he apparatus.” *Id.*

rule, the Federal Circuit af- t court’s invalidation of one sue, claim 25, which stated:

claim 2 [including an input n the predicted transaction mprises both a transaction ction parameters associated ction type, and the user uses s to either change the pre- n information or accept the action type and transaction

at) (emphasis added). The

ar whether infringement of when one creates a system user to change the predicted rmation or accept the dis- on, or whether infringement : user actually uses the in- hange transaction informa- nput means to accept a dis- on. Because claim 25 re- em and the method for us-

ted in *Ex parte Lyell* read as fol-

mission tool in the form of a for using same comprising:

splined sleeve affixed upright to

ent bolt threadably engaged e bottom of said support means rd through said support frame

ng the steps of tput end of an automatic trans- right sleeve, rnal components of said auto- om the casing of said transmis-

acing said internal components , and rnal components for fit and in- of adjusting said upwardly pro- it. (emphasis added).

ing that system, it does not apprise a person of ordinary skill in the art of its scope, and it is invalid under section 112, paragraph 2.

Id.

Several recent attempts to invalidate patent claims based on the *IPXL* mixed method-apparatus rule have been rejected, based on critical differences in the challenged claim language. For example, in *Collaboration Properties, Inc. v. Tandberg ASA*, 2006 U.S. Dist. LEXIS 42465 at *1 [81 USPQ2d 1530] (N.D. Cal. June 23, 2006), Judge Patel rejected defendants’ attempt to invalidate the following claim:

1. A teleconferencing system for conducting a teleconference among a plurality of participants, comprising:

(a) a plurality of workstations, each workstation having first and second monitors and in communication with audio and video (AV) capture capabilities;

(b) a data path in communication with the plurality of workstations, over which data can be shared among the plurality of participants; and

(c) an AV path in communication with the plurality of workstations, along which AV signals, representing video images and spoken audio of the participants, can be carried;

wherein, the system is *configured* to reproduce images, based on data signals shared along the data path, on at least two first monitors so as to permit participants associated with the workstations having the two first monitors to interactively share the reproduced images and reproduce participant video images, based on AV signals carried along the second path, on at least two second monitors.

Id. at *15-*16 (emphasis added). Defendants argued that because the claim required the system to be “configured,” it improperly “injects method steps into the purported system claim,” and was therefore invalid under *IPXL*. *Id.* at *16. Judge Patel rejected defendants’ argument, and distinguished *IPXL*, stating:

The problematic claim language in *IPXL Holdings* required that “the user uses the input means” to perform certain functions – an act. The language in the claims of the asserted patents, in contrast, requires that the system be “configured to” perform certain

function when it is used – a statement of functionality.

Id. The *IPXL* rule does not apply “where the claims require capability, but not actual use.” *Id.* at *19.

In *Collegenet, Inc. v. XAP Corp.*, 2006 U.S. Dist. LEXIS 49760 at *1040 (D. Or. July 17, 2006), the defendant sought to invalidate several claims based on the *IPXL* rule. In rejecting the defendant’s arguments, the district court explained the difference between an improper mixed method-apparatus claim, and a wholly appropriate “functional limitation.” *See id.* at *1062-63. “A ‘functional limitation’ is ‘an attempt to define something by what it does, rather than by what it is.’” *Id.* at *1062 (quoting *Manual of Patent Examining Procedure* § 2173.05(g) (8th Ed., 2001, rev. 2005)). “[T]here is nothing inherently wrong with defining some part of an invention in functional terms. Function language does not, in and of itself, render a claim improper.” *Id.* (quoting *Manual* § 2173.05(g)).

[1] Plaintiff argues that, as in *Collaboration Properties* and *Collegenet*, the patents at issue here merely claim devices with functional limitations, and do not constitute invalid mixed method-apparatus claims, as in *IPXL*. The Court agrees. Unlike *IPXL*, the patents at issue here do not claim both an apparatus and a method for using that apparatus. The claims simply use active language to describe the *capability* of the apparatuses; they do not claim the activity itself.

For example, defendant first attacks claim 8 of the ‘245 patent, which states:

A computer-readable storage device storing instructions that upon execution cause a processor to automatically access personal information associated with an end user, wherein the personal information is stored on a personal information provider by performing the steps comprising of:

(a) presenting on a client computer associated with the end user and in communication with the personal information provider via a network a representation of personal information and a link corresponding to the personal information stored on the personal information provider;

(b) upon activation of the presented link, downloading an application to the client computer, wherein the downloaded application upon execution on the client computer performs the steps of:

- (i) connecting to the personal information provider;
- (ii) navigating to the personal information on the personal information provider using a protocol for instructing the client computer how to access the personal information via the network, the personal information accessible to the client computer using the protocol also being accessible by the end user via the network independently of automatic access by the processor of personal information caused by execution of the instructions; and
- (iii) presenting the personal information to the user of the client computer.

Patent '245 at 18:21-47 (emphasis added).

Defendant argues that because of paragraph (b), describing "activation of the presented link," "it cannot be known whether infringement . . . occurs when the computer-readable storage device is manufactured or sold, or whether infringement occurs when a user activates such a system's presented link, or both. Moreover, infringement of these claims can only take place by virtue of human interaction. . . ." Mot. at 8:21-24 (emphasis in original). Defendant's argument, however, is incorrect. The claim describes what happens "upon activation of the presented link." It does not seek to patent activation of the link; it seeks only to patent a device which performs certain functions if and when the link is activated. Infringement occurs when a device that has the capability of performing the steps described under paragraph (b) is manufactured and sold. Whether a user actually activates the link presented by the infringing device is of absolutely no import. Similarly, the process initiated by activating the link need never take place. If the device presents such a link, and activating such link would initiate the process described under paragraph (b), the device infringes.

A simple analogy would be a claim which physically describes a pair of scissors designed to cut paper, then states, "upon opening and closing the sharp edges of the scissors on a piece of paper, the paper is cut." The language describes the capability of the scissors; it is function language. Infringement occurs upon the manufacturing and sale of scissors that are capable of cutting paper. The *IPXL* rule would apply only if the patent claimed the physical description of the scissors, then

stated within the same claim: "and the method of using said scissors to cut a piece of paper." The claims at issue here are analogous to the former example. They describe what the apparatuses do, when used a certain way. They do not claim *use* of the apparatuses. Thus, they do not "recit[e] both an apparatus and a method of using that apparatus." *IPXL*, 430 F.3d at 1384.

All of the claims challenged by defendant, like claim 8 of patent '245, place functional limitations on the apparatuses by describing the capabilities of the apparatuses. They are not invalid mixed method-apparatus claims. Claim 9 of patent '245 describes "[a] system for automated access to personal information associated with an end user." Patent '245 at 18:48-49. Like claim 8, it describes what the system does when "the presented link" is activated. *Id.* at 19:3. It does not require that the link be activated; it merely describes the function and capability of the system.

Similarly, claim 1 of the '073 patent describes the physical components of an "Internet Portal" apparatus, then states:

wherein the Portal, in response to log-on by a user from a user's Internet-connected appliance, presents a secure and personalized page for the user, the personalized page having a list of Internet destinations, pre-selected by the user and enabled by hyperlinks, wherein, upon invocation of a hyperlink by the user, the portal invokes a URL for the destination, and upon connection with the destination, transparently provides any required log-on information required for user access at the destination.

Patent '073 at 10:2-13.

Claim 18 of the '073 patent describes the physical aspects of an "Internet Portal software application" apparatus, then states:

wherein . . . upon invocation of a hyperlink by the associated user, the portal software invokes a URL for the destination, and upon connection with the destination, transparently provides any required log-on information for user access at the destination.

Id. at 11:11-24.

Claim 28 of the '073 patent claims an "Internet Portal software application" apparatus, then states the function of the apparatus:

wherein the portal application interacts with a browser plug-in executing on a subscriber's Internet-connected appliance, such that, when the user invokes a destination, pre-

selected by browser, a personal page with the data necessary to the parent to the

Id. at 11:59-11:

Claim 1 of physical computer system," then

wherein the tion of a m the client, without inte the computer programmer third-party completion ages interaction sites, gather integrates th nicates final ent station.

Patent '451 at

Claims 1 and describe the "Internet Portal" tion," then describes the apparatuses — i. takes certain a 10:53-11:6.

None of the *IPXL* rule. They cover both "[t] which "the use 1384. In *Ex. 1* both "a work same." 17 U.S.C. therefore, "a claimed apparatus claim whether tributary infringement of the apparatus method of use F.3d at 1384. F. The claims are taken by users do they claim software to use how the software input by users, software and only through systems which have and capacity. . . claims. As Jud

same claim: "and the method of using the apparatus to cut a piece of paper." The apparatuses here are analogous to the apparatuses described in the prior art. They describe what the apparatuses do in a certain way. They do not describe the apparatuses. Thus, they are not the apparatuses. They are both an apparatus and a method of using the apparatus." *IPXL*, 430

The claims challenged by defendant, patent '245, place functional limitations on the apparatuses by describing the apparatuses. They are not method-apparatus claims. Patent '245 describes "[a] system for providing access to personal information to a user." Patent '245 at claim 8, it describes what the apparatus does: "the presented link" is activated. It does not require that the apparatus merely describes the function of the system.

Claim 1 of the '073 patent describes the physical components of an "Internet Portal," then states:

"In response to log-on by a user, the Internet-connected apparatus provides a secure and personalized page to the user, the personalized page including Internet destinations, preferences, and enabled by hyperlinks. Upon invocation of a hyperlink, the portal invokes a URL, and upon connection to the destination, transparently provides log-on information required to access the destination."

13. Patent '073 describes the physical components of an "Internet Portal" apparatus, then states:

"Upon invocation of a hyperlink by a user, the portal software provides the user with the destination, transparently required log-on information at the destination."

Patent '073 claims an "Internet application" apparatus, then states:

"The application interacts with a user by executing on a subscribed appliance, such that, upon invocation, it provides a destination, pre-

selected by the associate user, from the browser, accessing the associated user's personal page, the portal software cooperates with the browser plug-in to furnish the data necessary for a successful log-on transparent to the user.

Id. at 11:59-12:6.

Claim 1 of the '451 patent describes the physical components of an "Internet portal system," then states its function:

"wherein the software, in response to initiation of a multi-component task specified by the client, transparently to the client, and without interaction from the client defines the component tasks based on pre-programmed client-related data, identifies third-party Internet Web sources needed for completion of the tasks, performs and manages interaction with the identified Web sites, gathering results of the interactions, integrates the gathered results, and communicates final results to the client at the client station."

Patent '451 at 9:50-10:3.

Claims 1 and 11 of the '766 patent similarly describe the physical components of an "Internet Portal" and an "Internet Portal application," then describe the functions of those apparatuses — i.e., what happens when the user takes certain actions. Patent '766 at 10:10-28, 10:53-11:6.

None of these claims are invalid under the *IPXL* rule. The claim in *IPXL* purported to cover both "[t]he system," and the situation in which "the user uses" the system. 430 F.3d at 1384. In *Ex parte Lyell*, the claim covered both "a workstand and method for using same." 17 U.S.P.Q.2d at 1549. In those cases, therefore, "a manufacturer or seller of the claimed apparatus would not know from the claim whether it might also be liable for contributory infringement because a buyer or user of the apparatus later performs the claimed method of using the apparatus." *IPXL*, 430 F.3d at 1384. Here, there is no such confusion. The claims at issue do not cover the actions taken by users of the portals and software, nor do they claim the reactions of the portals and software to user input. Instead, they describe how the software and portals react to certain input by users, as functional limitations of the software and portals. Infringement occurs only through manufacturing and sale of systems which have the described functionality and capacity. *IPXL* does not apply to these claims. As Judge Patel stated, the *IPXL* rule

does not apply "where the claims require capability, but not actual use." *Collaboration Props.*, 2006 U.S. Dist. LEXIS 42465 at *19.

Plaintiff's patents enjoy a presumption of validity, which may only be overcome by clear and convincing evidence. In this instance, defendant has not met its burden of establishing that the claims at issue fail to provide warning to those skilled in the art of what will constitute infringement. See *United Carbon Co. v. Binney Co.*, 317 U.S. 228, 236 [55 USPQ 381] (1942).

CONCLUSION

For the foregoing reasons and for good cause shown, the Court DENIES defendant's motion for summary judgment of invalidity. (Docket No. 77)

IT IS SO ORDERED.

Berman v. Johnson

U.S. District Court
Eastern District of Virginia

No. 1:07cv39

Decided October 19, 2007

COPYRIGHTS

[1] Rights in copyright; infringement — Ownership of copyright — Joint works (§ 213.0303)

Evidence supports jury's finding that plaintiff and defendant intended to be joint authors of documentary motion picture, and that plaintiff's contributions to film were independently copyrightable, since record includes testimony that parties discussed film as joint project, that plaintiff prepared "treatment" outlining essential elements of film, that plaintiff discussed treatment with defendant, and that co-plaintiff's involvement in film was based on film's anticipated adherence to treatment, that plaintiff drafted original questions for each of her interview subjects, that her interviews were incorporated into film, and that plaintiff drafted, compiled, and otherwise supplied significant amount of information about various groups and individuals featured in film.

[2] Rights in copyright; infringement — Ownership of copyright — Joint works (§ 213.0303)

"Authorship" of joint work is established by showing that each of putative coauthors

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We agree with the district court that Vas-Cath's naming the individual Curators of the University of Missouri as defendants does not invoke *Ex parte Young*, 209 U.S. 123 (1908). In *Young* the Court explained that there must be "some connection with the enforcement of the act, or else [the suit] is merely making him a party as a representative of the state, and thereby attempting to make the state a party." *Id.* at 157. We have been directed to no connection between the interference proceeding and actions of the University curators.

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The University also argued that Vas-Cath chose the wrong appellate route in proceeding under 35 U.S.C. § 146, and should have appealed directly to the Federal Circuit under 35 U.S.C. § 141. Upon inquiry from the bench, the University's counsel stated that only "a straight appeal that does not name the state here" is permissible under the Eleventh Amendment, thus apparently departing from the position argued in the brief. In any event, we are not told how appeal under § 141 can avoid naming the University as a party. See *Wu v. Wang*, 129 F.3d 1237, 1240 [44 USPQ2d 1641] (Fed. Cir. 1997) (judicial appeals under § 141 and § 146 are alternative routes to challenge the Board's final judgment in an interference proceeding); *In re Van Geuns*, 946 F.2d 845, 849 [20 USPQ2d 1291] (Fed. Cir. 1991) (party seeking review of an interference decision has the choice of either filing an appeal in the Federal Circuit under § 141 or an initial suit in a district court under § 146).

Summary

The University initiated and participated in the contested PTO interference against Vas-Cath; we conclude that the University cannot both retain the fruits of that action and bar the losing party from its statutory right of review, even if that review is conducted in federal court. In the circumstances that here exist, the state's actions with respect to the interference include waiver with respect to the ensuing civil action. Having waived any potential immunity as to the interference contest in the PTO, we conclude that the University waived any Constitution-based objection to Vas-Cath's statutory right of judicial review. The dismissal of the § 146 action is reversed; we

remand to the district court for further proceedings.

REVERSED AND REMANDED

Collaboration Properties Inc. v. Tandberg ASA

U.S. District Court
Northern District of California

No. C 05-01940 MHP

Decided June 23, 2006

PATENTS

[1] Patentability/Validity — Specification — Claim adequacy (§ 115.1109)

Patent construction — Claims — Broad or narrow (§ 125.1303)

Patent construction — Claims — Process (§ 125.1309)

Claimed method may be limited to performance on particular type of apparatus, since "process" is defined in 35 U.S.C. § 100(b) as including use of machine, and method claim may be invalid for lack of enablement if it is divorced from devices known to persons of ordinary skill in art, since instruments or machinery recited in method claims have been found to be proper claim limitations, and since method claims requiring use of specific physical devices are not ambiguous, and indicate that both possession of system and use of system for recited method would be required to infringe claim; in present case, method claims in patents directed to videoconferencing hardware and software are not indefinite under 35 U.S.C. § 112, even though claims recite method of using conferencing system in addition to machinery and other devices that make up system itself.

[2] Patentability/Validity — Specification — Claim adequacy (§ 115.1109)

Patent construction — Claims — Process (§ 125.1309)

Patent construction — Claims — Functional (§ 125.1311)

System claims in patents directed to videoconferencing hardware and software are not

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indefinite under 35 U.S.C. § 112, even though they include language indicating that "the system is configured to reproduce images..." and list other steps of method, since, rather than reciting act of using system, disputed claim language recites actions that system is capable of taking, which is statement of functionality; "configured to" language indicates functionality such as might be implemented in hardware or software, and describing hardware and software in functional terms does not render claims invalid.

Particular patents — Electrical — Videoconferencing

5,867,654, Ludwig, Lauwers, Lantz, Burnett, and Burns, two monitor videoconferencing hardware, motion for summary judgment of invalidity denied.

5,896,500, Ludwig, Lauwers, Lantz, Burnett, and Burns, system for call request which results in first and second call handle defining call state consisting of active or hold for its respective AV device, motion for summary judgment of invalidity denied.

6,212,547, Ludwig and Lauwers, UTP based video and data conferencing, motion for summary judgment of invalidity denied.

Action by Collaboration Properties Inc. against Tandberg ASA and Tandberg Inc. for patent infringement. On defendants' motion for summary judgment of invalidity for indefiniteness under 35 U.S.C. § 112. Denied.

Victor Cole and Melissa A. Ganz, of Simpson, Thacher & Bartlett, New York, N.Y., for plaintiff.

William L. Anthony Jr., of Orrick Herrington & Sutcliffe, Menlo Park, Calif., for defendants.

Patel, J.

Plaintiff Collaboration Properties, Inc. ("CPI") filed this action against defendants Tandberg ASA and Tandberg, Inc. (collectively, "Tandberg"), alleging infringement of U.S. Patent Nos. 5,867,654 (the "'654 patent'"), 5,896,500 (the "'500 patent'") and 6,212,547 (the "'547 patent'"). The asserted patents relate generally to videoconferencing hardware and software. Now before the court is Tandberg's motion for summary judgment of invalidity under 35 U.S.C. section 112. Having considered the parties' arguments and

submissions, and for the reasons set forth below, the court enters the following memorandum and order.

BACKGROUND¹

Tandberg distributes and sells teleconferencing products, including videoconferencing hardware and software. CPI is a patent holding company; CPI is also the wholly owned subsidiary of Avistar Communications Corp., which competes with Tandberg. CPI owns the three patents at issue in this lawsuit.

The three asserted patents derive from the same original application, Ser. No. 131,523, filed October 1, 1993. The specifications for all three patents are identical in all relevant respects, unless otherwise noted. For convenience, the court will use column and line numbers from the specification of the '654 patent, hereinafter referred to as the "Specification" or "Spec.," for citations in this order.

The asserted patents cover, generally, a multimedia communication and collaboration system. The disclosed invention combines voice and video conferencing with the ability to exchange data and other media types between geographically dispersed locations. Users of the system interact with each other via "collaborative multimedia workstations," or CMWs, which facilitate the exchange of audio, video and data.

The patents contain system claims, which cover the system described in the Specification, as well as method claims corresponding to the system's use. Tandberg now moves for summary judgment that many of the asserted claims are invalid for indefiniteness under 35 U.S.C. section 112.

LEGAL STANDARD

Summary judgment is proper when the pleadings, discovery and affidavits show that there is "no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). Material facts are those which may affect the outcome of the case. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). A dispute as to a material fact is genuine if there is sufficient evidence for a reasonable jury to return a verdict for the nonmoving party. *Id.* The party moving for summary judgment

¹ Unless otherwise noted, background facts are taken from plaintiff's complaint and from the patents at issue.

bears the burden of identifying those portions of the pleadings, discovery, and affidavits that demonstrate the absence of a genuine issue of material fact. *Celotex Corp. v. Cattrett*, 477 U.S. 317, 323 (1986). On an issue for which the opposing party will have the burden of proof at trial, the moving party need only point out "that there is an absence of evidence to support the nonmoving party's case." *Id.*

Once the moving party meets its initial burden, the nonmoving party must go beyond the pleadings and, by its own affidavits or discovery, "set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 56(e). Mere allegations or denials do not defeat a moving party's allegations. *Id.*; *Gasaway v. Northwestern Mut. Life Ins. Co.*, 26 F.3d 957, 960 (9th Cir. 1994). The court may not make credibility determinations, and inferences to be drawn from the facts must be viewed in the light most favorable to the party opposing the motion. *Masson v. New Yorker Magazine*, 501 U.S. 496, 520 (1991); *Ander-son*, 477 U.S. at 249.

The moving party may "move with or without supporting affidavits for a summary judgment in the party's favor upon all or any part thereof." Fed. R. Civ. P. 56(a). "Supporting and opposing affidavits shall be made on personal knowledge, shall set forth such facts as would be admissible in evidence, and shall show affirmatively that the affiant is competent to testify to the matters stated therein." Fed. R. Civ. P. 56(e).

DISCUSSION

Tandberg advances three distinct indefiniteness arguments, each of which applies to a different set of claims. First, Tandberg argues that certain method claims in the patent recite system elements. Tandberg refers to these as "System/Method" claims. Second, Tandberg argues that certain system claims in the patent recite method elements. Tandberg refers to these as "Method/System" claims. According to Tandberg, claims falling under the first two categories are indefinite under the Federal Circuit's recent holding in *IPXL Holdings, L.L.C. v. Amazon.com, Inc.*, 430 F.3d 1377 [77 USPQ2d 1140] (Fed. Cir. 2005). Third, Tandberg argues that certain system claims are indefinite because they claim the way the system is used or the result of using the system, rather than the system itself. The court considers each argument in turn.

I. System/Method Claims

Tandberg urges that certain of the method claims in the asserted patents are invalid because they recite both the features of a system and a method of using that system. According to Tandberg, these claims improperly combine two statutory classes of inventions, and are *invalid per se* under *IPXL Holdings*.

In *IPXL Holdings*, the Federal Circuit considered whether a dependent claim was indefinite under section 112. The independent claim on which the dependent claim was based recited a "system for executing financial transactions," including a processor, a display screen and a user input mechanism. *Id.* at 1379. The challenged dependent claim recited

the system of claim 2 [including an input means] wherein the predicted transaction information comprises both a transaction type and transaction parameters associated with the transaction type, and the user uses the input means to either change the predicted transaction information or accept the displayed transaction type and transaction parameters.

Id. at 1384 (emphasis and insertion in original). The Federal Circuit found that the dependent claim attempted to claim both a system and a method for using that system, and was therefore invalid for indefiniteness under section 112. *Id.* The court reasoned that

it is unclear whether infringement of claim 25 occurs when one creates a system that allows the user to change the predicted transaction information or accept the displayed transaction, or whether infringement occurs when the user actually uses the input means to change transaction information or uses the input means to accept a displayed transaction.

Id.

Tandberg argues that claims such as claim 11 of the '500 patent are indistinguishable from the claim invalidated in *IPXL Holdings*. Claim 11 reads as follows:

11. A method of conducting a teleconference using a system including:

a plurality of AV devices, each capable of originating and reproducing audio and video signals,

a plurality of communications ports each supporting at least one of the group of

switch connections consisting of video in, video out, audio in and audio out; and

at least one communication path arranged for transport of audio and video signals,

the method comprising the steps of

(a) controlling communication connections

(i) between two of the AV devices,

(ii) over the communication path,

(b) by creating,

(i) as a result of a call request,

(ii) at least a first call handle,

(1) associated with one of the two AV devices and, thereafter,

(iii) at least a second call handle

(1) associated with the other AV device,

(iv) each call handle defining,

(1) for its respective AV device,

(2) a call state being at least one of the group consisting of active and hold states, and

(3) the port switch connections involved in the communications connection.

'500 patent at 43:39-67 (emphasis added). According to Tandberg, the highlighted text improperly recites system elements within a method claim.

[1] Tandberg's argument raises a very basic question about the proper drafting of method claims: can a claimed method be limited to performance on a particular type of apparatus? Both common sense and a cursory inspection of relevant authorities demonstrate that the answer is "yes."

Beginning with common sense, in order to be useful, a patented method must at a minimum be capable of being carried out in the physical world. Methods, ultimately, involve

the use of and operate on physical objects. The statutory definition of a "process" is precisely in alignment with this common sense understanding: a process is defined as a "process, art or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material." 35 U.S.C. § 100(b) (emphasis added). Thus a "process," as contemplated under the patent laws, expressly includes the use of a machine.

Indeed, the regime contemplated by Tandberg's argument—method claims divorced from any recitation of a specific apparatus or piece of machinery which can be used to carry out the method—has long been regarded as deeply problematic. In *O'Reilly v. Morse*, 56 U.S. (15 How.) 62 (1853), the famous "Telegraph Case," the Supreme Court rejected Samuel Morse's claim covering the use of electromagnetism for communication at a distance precisely because the claimed method strayed too far beyond the apparatus which Morse had actually invented. Morse claimed "the use of the motive power of the electric or galvanic current, which I call electromagnetism, however developed for marking or printing intelligible characters, signs, or letters, at any distances." The Court ruled the claim to be invalid:

But Professor Morse has not discovered, that the electric or galvanic current will always print at a distance, no matter what may be the form of the machinery or mechanical contrivances through which it passes. You may use electro-magnetism as a motive power, and yet not produce the described effect, that is, print at a distance intelligible marks or signs. To produce that effect, it must be combined with, and passed through, and operate upon, certain complicated and delicate machinery, adjusted and arranged upon philosophical principles, and prepared by the highest mechanical skill.

Id. at 117. As this passage makes plain, a method claim may be invalid for lack of enablement if it is divorced from devices known to one of ordinary skill in the art.

In *Cochrane v. Deener*, 94 U.S. (4 Otto) 780 (1876) the Supreme Court again considered the possibility of a process claim independent of particular physical devices:

That a process may be patentable, irrespective of the particular form of the instrumentalities used, cannot be disputed. If one of

the steps of a process be that a certain substance is to be reduced to a powder, it may not be at all material what instrument or machinery is used to effect that object, whether a hammer, a pestle and mortar, or a mill. *Either may be pointed out*; but if the patent is not confined to that particular tool or machine, the use of the others would be an infringement, the general process being the same.

Id. at 787–88 (emphasis added). As the emphasized language indicates, the salient point in *Cochrane* is that while a process claim may recite a particular device used to perform the process, it need not do so in all cases in order to be valid. *Cochrane* also makes clear that “instrument[s] or machinery” recited in a method claim may properly serve as claim limitations. If a method patent expressly recites the “instrument or machinery” used to carry out the method, then the claim will be limited to the performance of the method using that machinery. This understanding has remained unchanged to the present day. *See, e.g., Diamond v. Diehr*, 450 U.S. 175, 182–84 [209 USPQ 1] (1981) (quoting *Cochrane*); *id.* at 185 (upholding the validity of a method claim requiring the use of a “programmed digital computer.”).

Courts have continued to struggle with the extent to which a method claim may be divorced from a specific physical context. The reluctance to allow patents on abstract methods provided a major stumbling block to the extension of patent protection to software and business methods. *See In re Schraeder*, 22 F.3d 290, 293–94 (Fed. Cir. 1994) (rejecting software method claims which failed to recite the data structures which were manipulated during the course of the claimed method). Only in recent years has the liberal standard for patentable subject matter governing software and business method patents become clear. *See State Street Bank & Trust Co. v. Signature Financial Group, Inc.*, 149 F.3d 1368, 1373 [47 USPQ2d 1596] (Fed. Cir. 1998), *cert. denied*, 525 U.S. 1093 (1999) (“Unpatentable mathematical algorithms are identifiable by showing they are merely abstract ideas constituting disembodied concepts or truths that are not ‘useful.’ From a practical standpoint, this means that to be patentable an algorithm must be applied in a ‘useful’ way.”); *AT&T Corp. v. Excel Communics., Inc.*, 172 F.3d 1352, 1357 [50 USPQ2d 1447]

(Fed. Cir.), *cert. denied*, 528 U.S. 946 (1999) (citing *State Street Bank*). The Supreme Court’s reluctance to allow patents on abstract methods persists to the current day. *See eBay Inc. v. MercExchange, L.L.C.*, 126 S.Ct. 1837, 1842 [78 USPQ2d 1577] (2006) (Kennedy, J., concurring) (noting the “potential vagueness and suspect validity” of business method patents).

In light of these cases, which consider the outer limits of what constitutes a patentable process, Tandberg’s argument that section 112 precludes method claims from reciting system elements is untenable. There is no ambiguity inherent in claiming a method which involves the use of specific physical objects; indeed, method claims reciting the use of particular devices are the rule rather than the exception. If an inventor claims “The method of driving a nail using a hammer” and the accused infringer drives nails using a rock, there is no doubt that the accused infringer does not literally infringe the claim.

IPXL Holdings says nothing to the contrary. The claim at issue in *IPXL Holdings* was problematic because it purported to be a system claim—one that could be infringed by manufacture or sale, independent of any actual “use”—but contained an element that required user activity. *See* 35 U.S.C. § 271(a). Tandberg’s argument relies on a false assumption about symmetry between system and method claims; while there may be ambiguity in requiring that an action take place in the context of an otherwise inert system claim, as discussed above there is no corresponding ambiguity in requiring that the steps of a claimed method be performed using a particular device. The system limitations merely narrow the method claim’s scope.

It is unambiguous from the disputed claim language in this case that one may possess “a plurality of AV devices, each capable of originating and reproducing audio and video signals, a plurality of communications ports each supporting at least one of the group of switch connections consisting of video in, video out, audio in and audio out; and at least one communication path arranged for transport of audio and video signals” without infringing claim 11. In order to infringe claim 11, one must not only possess such a system, but use it in the method recited in the claim.

The structure of the claim—first, reciting the system elements, then reciting the method

which makes use of that system—is also irrelevant, as is Tandberg's contention that the system elements are part of the claim body rather than the preamble. Each of the recited system elements serves as the antecedent basis for terms used in the claimed method steps. The fact that the drafter chose to recite all of the system elements at the outset, rather than identifying them in the midst of the claimed steps, has no effect on the claim's scope.

Tandberg's motion for summary judgment on the System/Method claims is therefore denied.

II. Method/System Claims

Tandberg next argues that certain system claims are invalid because they contain method steps. Claim 1 of the '654 patent is representative:

1. A teleconferencing system for conducting a teleconference among a plurality of participants, comprising:

(a) a plurality of workstations, each workstation having first and second monitors and in communication with audio and video (AV) capture capabilities;

(b) a data path in communication with the plurality of workstations, over which data can be shared among the plurality of participants; and

(c) an AV path in communication with the plurality of workstations, along which AV signals, representing video images and spoken audio of the participants, can be carried;

wherein, the system is *configured to* reproduce images, based on data signals shared along the data path, on at least two first monitors so as to permit participants associated with the workstations having the two first monitors to interactively share the reproduced images and reproduce participant video images, based on AV signals carried along the second path, on at least two second monitors.

'654 patent at 41:36–55 (emphasis added). According to Tandberg, the phrase beginning with “configured to” injects method steps into the purported system claim.

[2] Tandberg's position is incorrect because the disputed claim language recites the functionality of the claimed system rather than the

act of using the system. The problematic claim language in *IPXL Holdings* required that “the user uses the input means” to perform certain functions—an act. The language in the claims of the asserted patents, in contrast, requires that the system be “configured to” perform certain functions when it is used—a statement of functionality.²

The independent claim at issue in *IPXL Holdings* is instructive. Claim 1 of the patent asserted in that lawsuit, which neither the District Court nor the Federal Circuit found to be invalid for indefiniteness, reads as follows:

An electronic financial transaction system for executing financial transactions, the transactions being characterized by a transaction type and a plurality of transaction parameters, the system comprising:

a central controller;

a communications network;

a terminal device selectively connectable to the central controller through the communications network, the terminal device comprising:

a processor;

a display connected to the processor;

an input mechanism for providing input to the processor;

the system further comprising means for storing user defined transaction informa-

² CPI also correctly points out that the claims asserted by Tandberg in a parallel lawsuit against Avistar are indistinguishable from the claims in CPI's patents in this lawsuit. Claim 1 of U.S. Patent No. 6,621,515 reads as follows:

A video network for routing video calls, the video network comprising: one or more video endpoints; an array of infrastructure routing elements associated with the video endpoints, the infrastructure routing elements operable to transmit the video calls between the video endpoints along one or more routes; a video network platform in communication with the video endpoints and the infrastructure routing elements; and a scheduling engine associated with the video network platform and the infrastructure routing elements, the scheduling engine operable to monitor the performance of the infrastructure routing elements, to determine a plurality of reliability models for the infrastructure routing elements, and to intelligently route video calls based on the reliability models.

U.S. Patent No. 6,621,515 (emphasis added). Tandberg offers no cogent argument as to how the phrase, “operable to” in Tandberg's claim, which it does not (and, presumably, will not) argue is indefinite, is different in meaning from the phrase “configured to” in the claims at issue in this lawsuit.

tion, the transaction information comprising at least one of user defined transactions and user defined transaction parameters; the processor *causing the display to display* on a single screen stored transaction information; the input mechanism *enabling a user to use* the displayed transaction information to execute a financial transaction or to enter selections to specify one or more transaction parameters.

430 F.3d at 1379 (emphasis added). The highlighted language, like the disputed claim language in this case, recites the actions that the system is capable of taking—i.e., its functionality.

In the seminal computer hardware and software case in the Federal Circuit, *In re Alappat*, 33 F.3d 1526 [31 USPQ2d 1545] (Fed. Cir. 1994) (en banc), the court adopted precisely the same sort of “configured to” language to describe the structure of electronic circuitry. The claims at issue in *In re Alappat* were drafted in means plus function form. The Federal Circuit constructed a hypothetical claim, based on the claim as drafted, including bracketed phrases, wherein “the subject matter in brackets represent[s] the structure which Alappat discloses in his specification as corresponding to the respective means language recited in the claims.” *Id.* at 1541. For example, the court rewrote claim element (a) as “[an arithmetic logic circuit *configured to* perform an absolute value function, or an equivalent thereof] for determining the vertical distance between the endpoints of each of the vectors in the data list.” *Id.* The use of “system . . . configured to” in the claims at issue here is not different in any material way from the use of the phrase “arithmetic logic circuit configured to” in *In re Alappat*. In both cases, the claims recite a device or set of devices and the way in which the device or devices are configured.

Both *IPXL Holdings* and *Ex Parte Lyell*, 17 U.S.P.Q.2d 1548 (Bd. Pat. App. & Interf. 1990) stand for the narrow rule that a single claim may not purport to cover a system, independent of any use of the system, and simultaneously purport to cover a particular use of the system. In other words, such claims are indefinite because, according to the Federal Circuit, a potential infringer cannot determine whether use is required for infringement, or merely possession of a system with the capa-

bilities for the claimed use.³ This concern is inapplicable here where the claims require capability, but not actual use.

Tandberg’s reading of *IPXL Holdings* and *Lyell* is so sweeping that it would render invalid nearly all of the claims at issue in all of the cases cited in this opinion, including the claims in *IPXL Holdings* itself which were not found to be indefinite. The court seriously questions whether any competent attorney could reasonably believe that Tandberg’s legal position is correct. At oral argument, Tandberg’s attorney had difficulty answering basic questions about particular deficiencies in Tandberg’s position, and retreated repeatedly to the general assertion that claims combining statutory classes of invention are invalid. Had Tandberg’s attorney appeared any less earnest in advancing his position, the court would be strongly inclined to request briefing on sanctions under Federal Rule of Civil Procedure 11. The court notes, moreover, that certain of Tandberg’s other motions and arguments in this lawsuit—for example, the untimely motion to amend its answer and counterclaims and the frivolous summary judgment motion on release—have approached the line of sanctionable misconduct. Tandberg is advised to be more circumspect in its choice of arguments going forward. This is not litigation for litigation’s sake. It is not the job of lawyers to lay waste the land and scorch the earth. There already are enough forces working at that. The job of lawyers and litigation is to advance the case to a resolution on its merits. Meritless motions and discovery practices will be met with zero tolerance and sanctions.

III. Improper Recitation of Purpose

Finally, Tandberg argues that the “configured to” elements of the asserted claims are improper because they recite the goal or use of the device, rather than the structure of the system. As discussed above, the “configured to” language indicates functionality, such as

³ The court questions whether the ambiguity posited by the Federal Circuit actually exists. Regardless of whether the disputed claim in *IPXL Holdings* purported to be a “system” claim, it unambiguously required that a step be performed. Under the all-elements rule for infringement, the patentee could not plausibly argue that infringement was possible without the performance of the step. The Federal Circuit might instead have relied on 35 U.S.C. section 101, which requires that each claim cover one of a disjunctive list of classes of invention.

might be implemented in hardware or software. The structure of hardware and software is often described in functional terms; that fact does not render the claims invalid. See *In re Alappat*, 33 F.3d at 1541.

CONCLUSION

For the foregoing reasons, Tandberg's motion for summary judgment is DENIED.

IT IS SO ORDERED.

United States Playing Card Co. v. Harbro LLC

U.S. Patent and Trademark Office
Trademark Trial and Appeal Board

Opposition No. 91162078

Decided December 14, 2006

TRADEMARKS AND UNFAIR TRADE PRACTICES

[1] Practice and procedure in Patent and Trademark Office — Interpartes proceedings — Opposition and cancellation — Rules and rules practice (§ 325.0305.05)

JUDICIAL PRACTICE AND PROCEDURE

Procedure — Evidence — In general (§ 410.3701)

Testimony and evidence submitted by opposer during its rebuttal testimony period in trademark opposition proceeding will not be considered in determining whether applicant's proposed "Vegas" mark is registrable as trademark for playing cards, since opposer's rebuttal testimony and evidence is merely cumulative evidence relating to use of "Vegas" as reference to "Las Vegas," and to association between Las Vegas and playing cards, and since such evidence, rather than refuting or explaining applicant's testimony, merely added to opposer's proofs made as part of its case in chief.

TRADEMARKS AND UNFAIR TRADE PRACTICES

[2] Registration and its effects — Non-registrable subject matter — Geographical; geographically misdescriptive (§ 315.0409)

Term "Vegas" is not primarily geographically deceptively misdescriptive as applied to applicant's playing cards, which are not manufactured in Las Vegas, Nevada, even though evidence demonstrates that "Vegas" is commonly used and understood reference to Las Vegas, which is generally known geographic location, and that there is tenuous goods-place association between playing cards and Las Vegas, since evidence shows that consumers are interested in obtaining "cancelled" playing card decks that have been used in casinos, but evidence does not establish that consumers are interested in purchasing cards that are manufactured or used in Las Vegas, since it cannot be inferred that geographic misrepresentation is material factor in consumer's purchasing decision absent showing that material reason for tourist's choice of playing cards is that cards were made or used in Las Vegas, and since goods-place association between Las Vegas and playing cards is not sufficiently strong to warrant presumption that geographical connection between place and goods leads consumers to purchase those goods.

Opposition of United States Playing Card Co. to application of Harbro LLC for registration of "Vegas" as trademark for playing cards. Opposition dismissed.

Lynda E. Roesch, of Dinsmore & Shohl, Cincinnati, Ohio, for opposer.

Timothy A. Flory, of Van Dyke, Gardner, Linn & Burkhart, Grand Rapids, Mich., for applicant.

Before Quinn, Kuhlke, and Bergsman, administrative trademark judges.

Bergsman, J.

United States Playing Card Company ("opposer") filed an opposition to the application of Harbro, LLC ("applicant") to register the mark VEGAS for "playing cards" in Interna-